GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:4792
ANSWERED ON:15.12.2016
ATF Prices
Maragatham Smt. K.

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the leading domestic airlines have demanded a roll back of a sudden 12 per cent hike in Aviation Turbine Fuel (ATF) prices;

(b) if so, the details thereof;

(c) whether aviation fuel cost accounts for over 40 per cent of an airline"s cost of operation and hence could impact air fares, if so, the details thereof;

(d) whether a 35 per cent drop in aviation fuel had helped airlines to offer over 18 per cent lower passenger fares in 2015; and

(e) if so, the details thereof?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a): No Madam.;

(b): Does not arise.;

(c): Aviation Turbine Fuel (ATF) constitutes about 40-50% of Operational cost of an airline in India.;

(d) & (e): No such analysis has been carried out by Government. Air fares are, established by the airlines under the provision of Sub Rule (1) of Rule 135 of Aircraft Rules 1937, considering all relevant factors, including the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff. The airfares so established are required to be displayed under the provisions of Sub Rule (2) of Rule 135 of Aircraft Rules 1937. Airline remains compliant to the regulatory provisions of Rule 135 as long as the fare charged by them does not exceed the fare established and displayed on their website. Airfares are not regulated by the Government and airlines are free to fix reasonable charges/fee subject to compliance with rule 135 of Aircraft Rules 1937. The prices are fixed by airlines keeping in mind the market demand, seasonality and other market forces.